

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 EB-11 TRSE-00 AGR-20 L-03 AID-20

CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00 FRB-02 INT-08

LAB-06 STR-08 TAR-02 DRC-01 /109 W

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R 222313Z MAY 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 0000

UNCLAS BOGOTA 4536

EO 11652: NA

TAGS: ETRD, CO

SUBJ: PREPARATION FOR MULTILATERAL TRADE NEGOTIATIONS;  
NONTARIFF BARRIERS

REF: STATE A-3164

FOLLOWING ARE ANSWERS TO 22 SPECIFIC QUESTIONS OF RAFAIR,  
PLUS ADDITIONAL COMMENT:

1. THERE IS A GOVERNMENT PROGRAM DESIGNED TO PROMOTE  
EXPORTS BUT IT DOES NOT APPEAR TO BE A BARRIER TO TRADE.  
SEE BOGOTA A-50 MARCH 12, 1974.

2. GOVERNMENT PROCUREMENT POLICY GIVES PREFERENCE TO  
LOCAL SUPPLIERS OF GOODS AND SERVICES. SEE BOGOTA A-417  
OF DECEMBER 11, 1972.

3. THERE IS A STATE TRADING MONOPOLY, INSTITUTO DE  
MERCADEO AGROPECUARIO (IDEMA), FOR INTERNATIONAL BULK  
PURCHASES OF WHEAT, CORN, GRAIN, SORGHUM, VEGETABLE OILS  
AND PULSES. IDEMA DOAJ NOT RPT NOT DISCRIMINATE AGAINST US  
GOODS. SEE ANSWER 16 FOR POSSIBLE FUTURE DISCRIMINATION.

4. FOR PURPOSES OF ASSESSING IMPORT DUTIES, COLOMBIA USES  
C.I.F. VALUE OF IMPORTS.

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5. FOR CONSULAR INVOICES SEE STATE A-569 OF JANUARY 20, 1973 AND BOGOTA 355 OF JANUARY 11, 1974.

6. FOR OTHER IMPORT DOCUMENTATION PROBLEMS SEE BOGOTA A-172 OF JULY 27, 1973 AND STATE A-6138 OF JULY 19, 1973.

7. CUSTOMS FORMALITIES OR PROCEDURES WHICH CAUSE PROBLEMS ARE IMPORT LICENSES WHICH ARE COVERED IN ANSWER 11.

8. NO DUMPING DUTIES HAVE BEEN APPLIED TO US PRODUCTS.

9. THERE ARE STANDARDS IN SEVERAL INDUSTRIES THAT DETER TRADE, BUT THEIR APPLICATION IS THROUGH THE IMPORT LICENSING SYSTEM (ANSWER 11)

10. NO MARKETING, LABELLING, MEASUREMENT OR PACKAGING REQUIREMENTS LIMIT TRADE.

11. IMPORT LICENSES ARE REQUIRED. THEY ARE USED AS A MEANS OF CONSERVING FOREIGN EXCHANGE, PROTECTING LOCAL PRODUCTION, ADJUSTING THE PRODUCT MIX OF IMPORTS, AND CAN BE USED TO DIVERT TRADE TO SPECIFIC COUNTRIES AND/OR CARRIERS. IMPORT LICENSES, WHEN ISSUED, ARE ISSUED ABOUT THREE MONTHS AFTER APPLICATION IS MADE. FROM THE IMPORTER'S POINT OF VIEW, IMPORT LICENSING IS A LENGTHY BUT NOT INVOLVED PROCESS. FROM GOC POINT OF VIEW THE SYSTEM IS COMPLEX AND REQUIRES EXTENSIVE INTERNAL CONSULTATION. SEE BOGOTA 7433 OF SEPTEMBER 7, 1973, BOGOTA 9839 OF DECEMBER 3, 1973, AND BOGOTA A-168 OF JULY 23, 1973. SEE PARAGRAPH 23 BELOW.

12. THERE ARE NO OVERT IMPORT QUOTAS, BUT THE ADMINISTRATION OF THE IMPORT LICENSE SYSTEM IS SUCH THAT THE FACTOQUOTAS COULD EXIST WITHOUT PUBLIC KNOWLEDGE. IMPORTATION OF SOME PRODUCTS IS PROHIBITED IN ORDER TO PROTECT LOCAL INDUSTRY; THIS PROHIBITION COULD BE CONSTRUED AS A ZERO QUOTA SYSTEM.

13. THREE TYPES OF EMBARGOES EXIST (A) ONE IS USED TO ASSURE INTERNAL SUPPLIES AT GOC APPROVED PRICE LEVEL IN SPITE OF HIGHER EXTERNAL PRICES. THIS TYPE OF EMBARGO IS ALMOST EXCLUSIVELY USED FOR FOOD PRODUCTS THAT ARE IN SHORT SUPPLY; UNCLASSIFIED

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AND THE EMBARGOES ARE TEMPORARY. SUGAR EXPORTS IS A RECENT EXAMPLE ALTHOUGH SUGAR SHIPPED TO THE US UNDER QUOTA WAS EXEMPTED FROM THE EMBARGO (SEE BOGOTA 9282 OF NOVEMBER 13, 1973 AND BOGOTA FAS REPORT CO-3026 OF AUGUST 24, 1973). (B) SECOND TYPE OF EMBARGO IS OF UNFINISHED PRODUCTS IN ORDER TO ASSURE GREATER PROCESSING AND COLOMBIAN VALUE ADDED IN EXPORTS. SEE BOGOTA 9839 OF DECEMBER 3, 1973 AND BOGOTA --254 OF DECEMBER 5, 1973. (C) THIRD EMBARGO IS OAS EMBARGO AGAINST

CUBA.

14. NO SCREEN TIME QUOTAS OR MSING REGULATIONS AFFECT IMPORTATION OF US MOVIES.

15 EXCHANGE CONTROLS ARE NOT ADMINISTERED TO DIRECT TRADE TO CERTAIN SOURCES. ALTHOUGH IMPORT LICENSES CAN AND SOMETIMES ARE USED TO DIVERT SUPPLIES TO BILATERAL COMPENSATION COUNTRIES (SEE ANSWER 16).

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16. COLOMBIA HAS BILATERAL COMPENSATION AGREEMENTS WITH SEVEN COUNTRIES TO WHOM COLOMBIA EXPORTS MORE THAN IT IMPORTS. THE IMPORT LICENSING SYSTEM CAN BE USED TO DIVERT TRADE TO THESE COUNTRIES TO DRAW DOWN THE INCREASING SURPLUSES. SEE BOGOTA A-234 OF NOVEMBER 13, 1973 AND BOGOTA A-34 OF FEBRUARY 21, 1974. SEE PARA 23 BELOW.

17. NO RPT NO REGULATIONS REQUIRE PURCHASED FROM SPECIFIED SOURCES.

18. NO COMMODITIES ARE SUBJECT TO TARIFF QUOTAS.

19. AN EXPORT PLAN, CALLED PLAN VALLEJO, EXEMPTS FROM TARIFFS CERTAIN IMPORTS THAT WILL BE USED TO PRODUCE EXPORTS. OTHERWISE, THERE ARE LOCAL CONTENT REQUIREMENTS FOR THE AUTOMOTIVE ASSEMBLY INDUSTRY, SEE BOGOTA A-46 OF MARCH 2, 1973.

20. LITERALLY SPEAKING THERE ARE NO PRIOR IMPORT DEPOSITS. HOWEVER, AN ADVANCE PAYMENT OF 40 PERCENT F.O.B. PRICE IS REQUIRED WHEN APPLYING FOR AN EXPORT LICENSE. SEE BOGOTA 1005 OF FEBRUARY 4, 1974.

21. IN ADDITION TO IMPORT DUTIES, THERE ARE THREE SEPARATE GOVERNMENT LEVIES ON ALL IMPORTS. 1 1/2 PERCENT OF C.I.F. UNCLASSIFIED

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VALUE OF IMPORTS IS ASSESSED FOR THE EXPORT PROMOTION FUND; 1 1/2 PERCENT OF C.I.F. FOR THE COFFEE DEVELOPMENT FUND; AND THE CONSULAR INVOICE FEE OF 1PERCENT F.O.B. VALUE OF IMPORT.

22. THERE IS NO RPT NO SYSTEM OR VARIABLE LEVIES ON IMPORTS.

23. PRIOR SPECIFIC IMPORT LICENSES ARE THE NTBS IN MOST WIDESPREAD USE BY THE GOC. THEY REPRESENT A FLEXIBLE TOOL FOR RESOURCING. THE GOC EMPLOYS THIS TOOL FREELY TO CREATE QUOTE BALANCE UNQUOTE. IN ITS OVERALL TRADE. BY BALANCE THE GOC MEANS IN PARTICULAR, HUSBANDING OF FOREIGN EXCHANGE; PROSCRIPTION OF LUXURY GOODS IN A DEVELOPING COUNTRY; PROTECTION FOR INFANT INDUSTRIES AND PURCHASE OF GOODS FROM COMPENSATION COUNTRIES WHICH OTHERWISE

WOULD NOT BE BOUGHT BECAUSE THERE ARE BETTER GOODS AVAILABLE  
ELSEWHERE. THERE AHAS BEEN, NONETHELESS, A STEADY TRANSFER OF  
IMPORT ITEMS TO THE FREE IMPORT LIST (NOT REQUIRING LICENSE) AS  
FOREIGN EXCHANGE RESERVES MOUNT.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**To:** STATE  
**Type:** TE  
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